

**CALIFORNIA STATE
LANDS COMMISSION**

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April 5, 2004

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Bush:

The California State Lands Commission (Commission) respectfully urges you and your Administration to take all steps necessary to prevent development of the 36 undeveloped oil and gas leases off California. The Commission first formally adopted this position on September 17, 2001, when it approved and forwarded to you the enclosed Resolution, which details the reasons why oil development off California is inappropriate and should not occur.

California's 1,000-mile coast is an integral part of the state's environment. California residents value the coast for its recreational and scenic worth. Our coast's tourism, fishing and port activities are primary drivers of the state's economy. Offshore oil and gas development and associated onshore activities adversely affect these activities by the inevitable oil spills, disrupting coastal views and industrializing the coast. The potential for grave harm to California's economy and environment is not worth the comparatively small amount of oil that would be produced.

California has recognized the harm from oil and gas development by prohibiting new leases in state waters off of its coast. Even prior to enactment of state statutory prohibitions in 1994, the Commission adopted an administrative ban on new leases. The federal government should afford the coast and ocean the same protections.

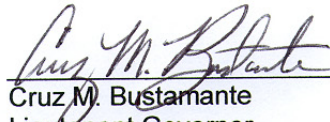
Recent court decisions have affirmed California's right to review and approve development of these leases. If present negotiations to terminate the leases are not successful, any proposed development of the leases will face close scrutiny at the California Coastal Commission. The impacts from development discussed above suggest that such development is not consistent with California's Coastal Management Program. As a member of the Coastal Commission, the Chair of the State Lands Commission would strongly advocate this Commission's concerns when any development of these leases is reviewed.

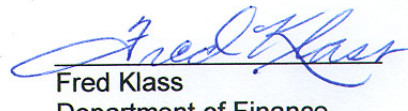
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In conclusion, we urge your Administration to take whatever steps are necessary to protect California's environment and economy by preventing oil and gas development off the coast of California.

Respectfully,


Steve Westly, Chair
State Controller


Cruz M. Bustamante
Lieutenant Governor


Fred Klass
Department of Finance

Enclosure

(Enclosure to letter dated April 5, 2004)

**RESOLUTION BY THE CALIFORNIA STATE LANDS COMMISSION
OPPOSING NEW FEDERAL OFFSHORE OIL LEASING AND DEVELOPMENT
OF EXISTING UNDEVELOPED FEDERAL LEASES**

WHEREAS, California's history of protecting its coast from oil and gas development goes back at least to 1955 and 1963 when the California State Legislature passed legislation that prohibited oil and gas leasing in the state waters off Monterey and Santa Cruz counties and portions of Los Angeles, Santa Barbara, San Luis Obispo, Humboldt, and Mendocino Counties; and

WHEREAS, Since the 1969 blowout of a well in federal waters off Santa Barbara that spilled 80,000 barrels of crude oil, the California State Lands Commission (Commission) has not issued a single new offshore oil and gas lease; and

WHEREAS, In 1988 and 1989, the Commission filled in the large geographic gaps in the state sanctuary statutes by administratively establishing a sanctuary to prohibit new oil and gas leasing in all state coastal waters; and

WHEREAS, The California Legislature enacted the state California Coastal Sanctuary Act in 1994, which incorporated the administrative sanctuary previously established by the Commission and created a statutory statewide coastal sanctuary that generally prohibits future oil and gas leasing in all state coastal waters, from Mexico to the Oregon border, in perpetuity; and

WHEREAS, Since 1994, the Commission has enlarged the sanctuary by obtaining quitclaims for seven oil development leases; and

WHEREAS, In 1995, a bipartisan California congressional delegation opposed further leasing in the California Outer Continental Shelf (OCS) in response to the proposed federal 5-year leasing program for the years 1997-2002; and

WHEREAS, In 1999, the Assembly adopted House Resolution No. 20, which urged the Congress of the United States to pass the Coastal States Protection Act (S.197) and to cease oil leasing in federal waters when a coastal state, such as California, has declared a moratorium on oil development in adjacent state waters; and

WHEREAS, The citizens of Californian do not favor new oil drilling off their coastline and support protecting their fragile coastal environment over development of the relatively small amounts of oil in the California offshore; and

WHEREAS, The federal government has taken steps in the past to protect California from oil development in federal waters, for example, in 1990, the Department of Interior cancelled federal Oil and Gas Lease Sales Nos. 91, 95 and 119 which would have threatened more than 9.9 million acres of offshore federal lands with oil development and the increased likelihood of oil spills; and

WHEREAS, There are many worthy options before the Congress that would increase energy independence and reduce reliance on foreign oil, such as reauthorization of the Strategic Petroleum Reserve, incentives to improve energy efficiency, research into renewable energy and alternative fuels, fully funding energy conservation and efficiency programs, including solar and renewables, weatherization, and other initiatives; and

WHEREAS, The bipartisan congressional moratorium on leasing the OCS was reaffirmed in the bill providing appropriations for the Department of Interior for FY 2001, and the leasing deferral enacted by President George Bush in 1990, and continued by President Clinton last year, is still in effect; and

WHEREAS, In November 1999, the United States Department of the Interior took steps to promote oil production of 36 undeveloped federal oil leases in the OCS off the central California coast by, among other things, extending the term of the leases without the State review required under the federal Coastal Zone Management Act of 1972 or the environmental review required by the National Environmental Protection Act (NEPA); and

WHEREAS, On June 20, 2001, in *California Coastal Commission v. United States Department of the Interior*, United States District Court for the Northern District of California recognized the state's role in regulating offshore oil development by requiring the federal Minerals Management Service (MMS) to submit actions on the 36 undeveloped leases in federal waters to the California Coastal Commission for review and to conduct the environmental review required by NEPA; and

THEREFORE BE IT RESOLVED, By the California State Lands Commission that it respectfully memorializes the President and the Congress of the United States to continue the moratorium on oil leasing in FY 2002, to take all steps appropriate and necessary to protect California's coast by ending all new oil leasing and preventing development of oil and gas from the 36 undeveloped federal oil leases remaining off the coast of California, on the basis that the environmental impacts of developing those leases, especially the threat of an oil spill, far outweigh the contribution limited quantities of additional oil would make to fulfilling America's energy needs; and

BE IT FURTHER RESOLVED, That the Commission's Executive Officer transmit copies of this resolution to the President and Vice President of the United States, to the Governor of California, to the United States Secretary of the Interior, to the Majority and Minority Leaders of the United States Senate, to the Speaker and Minority Leader of the United States House of Representatives, and to each Senator and Representative from California in the Congress of the United States and to members of the California Coastal Commission.